

## Message Text

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FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 0006

C O N F I D E N T I A L PORT OF SPAIN 3051

E.O. 11652: GDS

TAGS: BENC, BEXP, ECRE, TD

SUBJECT: FOREIGN GOVERNMENT TENDER: CARONI-ARENA  
WATER SUPPLY PROJECT

REF: (A) STATE 276409, (B) PORT OF SPAIN 2832

1. SUMMARY. GOVERNMENT HAS TAKEN DECISIVE STEPS TO DEFUSE POLITICALLY EMBARRASSING WATER SUPPLY PROBLEM IN TRINIDAD, INCLUDING A SHAKEUP OF WASA BOARD AND TOP MANAGEMENT ON GROUNDS OF SERIOUS MANAGEMENT DEFICIENCIES AND DECISION TO IMPLEMENT SUPPLEMENTARY WATER DEVELOPMENT PROGRAM. AT SAME TIME, GOTT ANNOUNCED CONSTRUCTION ON CARONI-ARENA PROJECT WILL BEGIN IN JANUARY, THOUGH SOME PROBLEMS ON BIDS REMAIN TO BE WORKED OUT. END SUMMARY.

2. ON NOVEMBER 12, GOVERNMENT ANNOUNCED REVOCATION OF APPOINTMENTS OF BOARD OF WATER AND SEWERAGE AUTHORITY (WASA), REAPPOINTING FIVE OF SEVEN PLUS A NEW CHAIRPERSON, MISS JOYCE ALCANTARA, ACTING PERMANENT SECRETARY FOR PLANNING AND DEVELOPMENT IN MINISTRY OF FINANCE. EXECUTIVE DIRECTOR, GEORGE DAVIS, WAS PLACED ON PRE-RETIREMENT LEAVE, AND IT WAS ANNOUNCED THAT SEVERAL SENIOR MANAGEMENT POSITIONS NOW VACANT WOULD BE ADVERTISED. MINISTER OVERAND PADMORE, WHO HAS RESPONSIBILITY FOR WASA IN MINISTRY OF FINANCE, IN MAKING ANNOUNCEMENT IN PARLIAMENT, SAID THAT IN DECIDING THIS ACTION, CABINET (READ PRIME MINISTER WILLIAMS) HAD CONSIDERED MASSIVE NEW CAPITAL  
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WORKS INCLUDING CARONI-ARENA, AS WELL AS IMMINENT

RESTRUCTURING OF SENIOR MANAGEMENT, AND PURPOSE WAS TO RESTORE PUBLIC CONFIDENCE IN WASA.

3. AT SAME TIME, PADMORE ANNOUNCED SUPPLEMENTARY PROJECTS TO EASE WATER SHORTAGE PENDING COMPLETION CARONI-ARENA, SCHEDULED 1980. THESE INCLUDE SEVERAL PROJECTS TO DRAW WATER FROM VARIOUS RIVERS AT A TOTAL COST OF TT\$10 MILLION, ADVANCEMENT OF THE TT\$45 MILLION NORTH OROPOUCHE PROJECT, AND SEVERAL SMALLER PROJECTS. EMBASSY WILL REPORT PROMPTLY IMPORTED CAPITAL REQUIREMENTS OF THESE PROJECTS AS DETAILS BECOME KNOWN.

4. IT WAS ALSO ANNOUNCED THAT CONSTRUCTION ON CARONI-ARENA WOULD BEGIN IN JANUARY. GOTT AT LONG LAST SIGNED CONTRACT WITH CH2M/TRINTOPLAN, FORMALIZING THEIR ROLE AS SUPERVISING ENGINEERS, ON NOVEMBER 8, AND MANAGEMENT CHANGES WILL NOT JEOPARDIZE THEIR ABILITY TO CARRY OUT THE PROGRAM. REPRESENTATIVE OF CH2M (FRED HAREM) HAS CONFIRMED THAT BIDS ON CONTRACTS 3 AND 4 WILL PROBABLY BE REJECTED, BUT WE UNDERSTAND THIS WILL NOT PREVENT CONSTRUCTION OF OTHER PARTS OF PROJECT TO BEGIN ON SCHEDULE.

5. IN ANOTHER DEVELOPMENT OVER PAST WEEKEND, LABOR DIFFICULTIES OF HARBERT CONSTRUCTION COMPANY, WHICH IS BUILDING GAS PIPELINE, WERE RESOLVED, WITH TT\$1.00 PER HOUR RETROACTIVE WAGE INCREASE FOR WELDERS AND OTHER BENEFITS. IT IS NOT CLEAR HOW SETTLEMENT CAME ABOUT, SINCE IN LAST EPISODE CASE WAS HEADED FOR INDUSTRIAL COURT FOR RESOLUTION. WE SUSPECT, HOWEVER, THAT RECENT ACTION BY GOVERNMENT TO USE TROOPS AND UNEMPLOYED SECONDARY SCHOOL GRADUATES TO BREAK A GO-SLOW STRIKE AT POST OFFICE HAD A SALUTARY EFFECT ON THE HARBERT NEGOTIATIONS.

6. COMMENT: IN EMBASSY'S VIEW, MANAGEMENT SHAKEUP IS LESS IMPORTANT THAN APPARENT RECOGNITION BY GOTT THAT SOLUTION OF FESTERING WATER PROBLEM REQUIRES CONFIDENTIAL

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IMMEDIATE RESOURCES AND CARONI-ARENA CANNOT SOLVE IT IN SHORT RUN. ONLY THING THAT WILL RESTORE PUBLIC'S CONFIDENCE IN WASA IS RELIABLE SUPPLY OF WATER, AND CHANGE IN MANAGEMENT WILL NOT SOLVE THAT. FIRINGS SMACK OF AN ATTEMPT TO FIND SCAPEGOATS FOR PREVIOUS FAILURES OF GOTT TO MEET THE WATER PROBLEM, WHICH HAS BEEN IN LARGE PART DUE TO INADEQUATE FUNDING. ALLEGATIONS OF IRREGULARITIES AMONG WASA

OFFICIALS HAVE SINCE COME TO ROOST ON DOORSTEP OF PUBLIC RELATIONS OFFICER, WHOSE SCOPE FOR MALFEASANCE WOULD APPEAR TO BE QUITE LIMITED (ALTHOUGH THERE ARE HINTS OF MORE CHARGES TO COME). OLD BOARD HAD WRITTEN PM THAT WHAT WASA NEEDED WAS MORE AUTONOMY, WHILE GOTT ACTION HAS, BY PUTTING BOARD UNDER CIVIL SERVANT IN MINISTRY OF FINANCE, GIVEN IT LESS. IN ANY CASE, PRESSURE IS CLEARLY ON PRIME MINISTER TO PROCEED WITH WATER DEVELOPMENT AT AN ACCELERATED PACE. WE BELIEVE THIS BODES WELL FOR ORDERLY PROGRESS ON CARONI-ARENA AND OTHER WATER PROJECTS.

7. IMPLICATIONS OF THESE VARIOUS DEVELOPMENTS FOR US BIDDERS IN OUR JUDGMENT IS THAT BUREAUCRATIC PROBLEMS THEY HAVE BEEN CONCERNED ABOUT SHOW BETTER PROSPECTS OF RESOLUTION, AND THEY SHOULD VIEW SHAKEUP AS POSITIVE DEVELOPMENT RATHER THAN OTHERWISE.  
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